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### **REDACTED - FOR PUBLIC INSPECTION**

June 30, 2016

### **VIA ECFS**

Ms. Marlene H. Dortch, Secretary Federal Communications Commission Office of the Secretary 445 12<sup>th</sup> Street, S.W. Washington, D.C. 20554

# RE: REQUEST FOR CONFIDENTIAL TREATMENT WC Docket No. 14-58 - ETC Annual Reports and Certifications

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan Progress Report included in FCC Form 481

Confidential Information – Subject to Protective Order Before the Federal Communications Commission

### Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Cumby Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442065, is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket No. 14-58. The version of the Cooperative's FCC Form 481 submitted via ECFS is a redacted version of the filing that contains no confidential information.

The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan progress report and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan progress report is being made pursuant to Section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's



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March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58. These attachments contain competitively sensitive data that Cumby Telephone Cooperative, Inc. maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

### Five-Year Service Quality Improvement Plan Progress Report

Pursuant to Section 0.459 of the Commission's rules and Exemption 4 of FOIA, Cumby Telephone Cooperative, Inc. requests that the text and data extracted from its five-year service quality improvement plan progress report be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative maintains as confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with Section 0.459 of the Commission's rules, the following information is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 – Five-Year Service Quality Improvement Plan Progress Report. Specifically, confidential treatment is sought for all information in the five-year plan progress report related to the Cooperative's access line counts, existing broadband capabilities, and current and planned financial investments in its network that will improve service quality, service coverage, and/or service capacity for its customers.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket No. 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a progress report on its five-year service quality improvement plan, pursuant to 47 C.F.R. §54.313(a)(1).

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan progress report contains granular information on the Cooperative's access line counts and/or existing broadband capabilities as well as recent and planned capital investments in its network to improve service quality, service coverage, and/or service capacity. It also contains a

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map of the Cooperative's service area detailing progress toward meeting broadband deployment targets at the wire center level. This is closely guarded, privileged information that the Cooperative does not make publicly available.

(4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider, such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

(5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan progress report would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its recent and planned network investments that improve service quality, coverage, and/or capacity for subscribers. This would give competitors valuable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan progress report as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

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(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan progress report is not available to the public, and third-party access is limited as described in (6) above.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. The information in the five-year plan progress report details the Cooperative's most recent network upgrades in relation to its previously submitted service quality improvement plan. It may also contain upcoming planned network improvements during the five-year period ending 2019. This information would provide a very useful baseline for competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

### **Financial Annual Report**

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Cumby Telephone Cooperative, Inc. seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.<sup>1</sup> The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

Cumby Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

<sup>1</sup> Connect America Fund, ETC Annual Reports and Certifications, WC Docket Nos. 10-90 and 14-58, Protective Order, DA 16-296 (rel. Mar. 22, 2016).

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Each page of the five-year service quality improvement plan progress report confidential submission bears the legend, "CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

**Dorothy Young** 

Authorized Representative for Cumby Telephone Cooperative, Inc.

lorothy young

DY/pjf

Enclosures

cc: Ms. Karen Zimmerman, Cumby Telephone Cooperative, Inc.

FCC For	rm 481 - Carrier Annual Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	442065	
<015>	Study Area Name	CUMBY TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name: Person USAC should contact with questions about this data	VONDA KERBY	
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9039942211 ext.	
<039>	Contact Email Address: Email of the person identified in data line <030>	vondak@cumbytel.com	
	Form Type	54.313 and 54.422	

	ervice Quality Improvement Reporting ollection Form		FCC Form 481 OMB Control N July 2013	io. 3060-0986/OMB Control No. 3060-0819
<010> <015> <020> <030> <035> <039>	Study Area Code  Study Area Name  Program Year  Contact Name - Person USAC should contact regarding this data  Contact Telephone Number - Number of person identified in data line <030>  Contact Email Address - Email Address of person identified in data line <030>  Has your company received its ETC certification from the FCC?	442065  CUMBY TEL COOP 2017  VONDA KERBY 9039942211 ext  vondak@cumbyte	.com	
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes /	$\bigcirc$	
<112>	If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.  Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your CETC which only receives frozen support, your progress report is only required to address voice telephony service.		2065tx112.pdf	
	Please select the appropriate responses below (Yes, No, Not Applicable) to conf that the attached document(s), on line 112, contains a progress report on its fiv service quality improvement plan pursuant to §54.202(a). The information shall submitted at the wire center level or census block as appropriate.	e-year	Name of Attached	Document
<113> <114> <115> <116> <117> <118>	Maps detailing progress towards meeting plan targets Report how much universal service (USF) support was received How much (USF) was used to improve service quality and how support was used to impr How much (USF) was used to improve service coverage and how support was used to imp How much (USF) was used to improve service capacity and how support was used to imp Provide an explanation of network improvement targets not met in the prior calendar year.	orove service covera	Yes Yes Yes Yes Yes Not Applicable	

(200) Service Outage Reporting (Voice)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Co	ode				442065						
<015>	Study Area Na	ame				CUMBY TEL C	COOP INC					
<020>	Program Year					2017						
<030>	Contact Name	e - Person USA0	should contac	t regarding this	data	VONDA KERBY	Y					
<035>	Contact Telep	hone Number	- Number of pe	rson identified	in data line <03	0> 9039942211	ext.					
<039>	Contact Email	Address - Ema	il Address of pe	rson identified	in data line <03	30> vondak@cumb	bytel.com					
<210>	For the prior	r calendar yea	ar, were there	any reportal	ole voice servi	ce outages?	No					
<220>	<a></a>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<c1></c1>	<c2></c2>	<d></d>	<e></e>	<f></f>	<g></g>	<h></h>
	NORS Reference	Outage Start	Outage Start	Outage End	Outage End	Number of		911 Facilities	Service Outage	Did This Outage		

<a></a>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<c1></c1>	<c2></c2>	<d></d>	<e></e>	<f></f>	<g></g>	<h></h>
NORS									Did This Outage		
Reference	<b>Outage Start</b>	Outage Start	Outage End	Outage End	Number of		911 Facilities	Service Outage	Affect Multiple		
Number	Date	Time	Date	Time	<b>Customers Affected</b>	<b>Total Number of</b>	Affected	Description (Check	Study Areas	Service Outage	Preventative
						Customers	(Yes / No)	all that apply)	(Yes / No)	Resolution	Procedures
	•	•		•	•					•	

	fulfilled Service Request lection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. July 2013	. 3060-0819
<010>	Study Area Code	442065		
<015>	Study Area Name	CUMBY TEL COOP INC		
<020>	Program Year	2017		
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY		
<035> Contact Telephone Number - Number of person identified in data line <030>		9039942211 ext.		
<039> Contact Email Address - Email Address of person identified in data line <030>		vondak@cumbytel.com		
<300> Unfulfilled service request (voice)		0		
<310>	Detail on attempts (voice)			
	Na	ame of Attached Document		
<320>	Unfulfilled service request (broadband)	0		
<330>	Detail on attempts (broadband)			
		Name of Attached Document		

(400) Number of Complaints per 1,000 customers	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOF INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should conta	act regarding this data VONDA KERBY
<035>	Contact Telephone Number - Number of p <030>	erson identified in data line 9039942211 ext.
<039>	Contact Email Address - Email Address of <030>	person identified in data line vondak@cumbytel.com
<400>	Select from the drop-down list to indicate voice complaints (zero or greater) for voice calendar year for each service area in which any facilities you own, operate, lease, or o	e telephony service in the prior Offered only fixed voice h you are designated an ETC for
<410>	Complaints per 1000 customers for fixed v	oice 0.0
<420>	Complaints per 1000 customers for mobile	voice
<430>	Select from the drop-down list to indicate end-user customer complaints (zero or gro the prior calendar year for each service ar an ETC for any facilities you own, operate,	eater) for broadband service in Offered only fixed broadband ea in which you are designated
<440>	Complaints per 1000 customers for fixed b	roadband 0.0
<450>	Complaints per 1000 customers for mobile	broadband

	npliance With Service Quality Standards and Consumer Protection Rules ection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	
<010>	Study Area Code	442065	
<015>	Study Area Name	CUMBY TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY	
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.	_
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbytel.com	_
<500>	Certify compliance with applicable service quality standards and consumer pro	otection rules Yes	
<510>	Descriptive document for Service Quality Standards & Consumer Protection Ru	442065tx510.pdf iles Compliance	

(600) Functionality in Emergency Situations	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbytel.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	442065tx610.pdf

(700) Pr	ice Offerings including Voice Rate Data		FCC Form 481
Data Co	llection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	442065	
<015>	Study Area Name	CUMBY TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY	
<035>	Contact Telephone Number - Number of person identified in data I	ine <030> 9039942211 ext.	
<039>	Contact Email Address - Email Address of person identified in data	line <030> vondak@cumbytel.com	
	Residential Local Service Charge Effective Date  1/1/2016 Single State-wide Residential Local Service Charge 15.0		

703>	<a1></a1>	<a2></a2>	<a3></a3>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<b5></b5>	<c></c>
					Residential Local			Mandatory Extended Area	
_	State	Exchange (ILEC)	SAC (CETC)	Rate Type	Service Rate	State Subscriber Line Charge	State Universal Service Fee	Service Charge	Total per line Rates and Fee
-									
-									
-									
_									
					See at	tached worksheet			
					000 00	taonoa montonoot			
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L									L

(710) Broadbrand Price Offerings	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	12065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbytel.com

<711>	<a1></a1>	<a2></a2>	<b1></b1>	<b2></b2>	<c></c>	<d1></d1>	<d2></d2>	<d3></d3>	<d4></d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rate and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select }
				- See attacl	ned				
			,	worksheet -					

	erating Companies lection Form			FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	442065		
<015>	Study Area Name	CUMBY TEL COO	OP INC	
<020>	Program Year	2017		
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY		
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ex	xt.	
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumby	tel.com	
<810>	Reporting Carrier Cumby Telephone Cooperative, Inc.			
<811>	Holding Company Cumby Telephone Cooperative, Inc.			
<812>	Operating Company Cumby Telephone Cooperative, Inc.			
<813>	<a1></a1>		<a2></a2>	<a3></a3>
	Affiliates		SAC	Doing Business As Company or Brand Designation
		See att	ached worksh	et

(900) Tri	bal Lands Reporting	FCC Form 481
	lection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013
<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017 VONDA KERBY
<030>	Contact Name - Person USAC should contact regarding this data	9039942211 ext.
<035>	Contact Telephone Number - Number of person identified in data line <030>	vondak@cumbytel.com
<039>	Contact Email Address - Email Address of person identified in data line <030>	
<900>	Does the filing entity offer tribal land services? (Y/N)	No
<910>	Tribal Land(s) on which ETC Serves	
<920>	Tribal Government Engagement Obligation	
		Name of Attached Document
If your o	company serves Tribal lands, please select (Yes,No, NA) for each these boxes	
to confi	rm the status described on the attached document(s), on line 920,	Octob
demons	strates coordination with the Tribal government pursuant to	Select Yes or No or
§ 54.31	3(a)(9) includes:	Not Applicable
<921>	Needs assessment and deployment planning with a focus on Tribal	THE TAPPHOLOGIC
\JZ1>		
<922>	community anchor institutions.  Feasibility and sustainability planning;	
<923>		
	Marketing services in a culturally sensitive manner;	
<924>	Compliance with Rights of way processes	
<925>	Compliance with Land Use permitting requirements	
<926>	Compliance with Facilities Siting rules	
<927>	Compliance with Environmental Review processes	
<928>	Compliance with Cultural Preservation review processes	
<929>	Compliance with Tribal Business and Licensing requirements.	

	oice and Broadband Service Rate Comparability lection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code		442065
<015>	Study Area Name		CUMBY TEL COOP INC
<020>	Program Year		2017
<030>	Contact Name - Person USAC should contact regarding this data		VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line		9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line	<030>	vondak@cumbytel.com
<1000>	Voice services rate comparability certification	Yes	
<1010>	Attach detailed description for voice services rate comparability compliance	44206	65tx1010.pdf
			Name of Attached Document
<1020>	Broadband comparability certification	No	
<1030>	Attach detailed description for broadband comparability compliance		
			Name of Attached Document

(1100) N	o Terrestrial Backhaul Reporting			FCC Form 481	
Data Col	lection Form			OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	9
<010>	Study Area Code	442065			
<015>	Study Area Name	CUMBY	TEL COOP INC		
<020>	Program Year	2017			
<030>	Contact Name - Person USAC should contact regarding this data	VONDA	KERBY		
<035>	Contact Telephone Number - Number of person identified in data line <030>	903994	2211 ext.		
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondal	@cumbytel.com		
<1100>	Certify whether terrestrial backhaul options exist (Y/N)		Yes		
<1130>	Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 upstream within the supported area pursuant to § 54.313(g).	6 kbps			

Lifeline	erms and Condition for Lifeline Customers ection Form			FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Shudu Area Cada			
<015>	Study Area Code Study Area Name		442065	
<020>	Program Year		CUMBY TEL COOP INC	
<030>	Contact Name - Person USAC should contact regarding this data		2017 VONDA KERBY	
<035>	Contact Telephone Number - Number of person identified in data l	ne <030>	9039942211 ext.	
<039>	Contact Email Address - Email Address of person identified in data			
<1210>	Terms & Conditions of Voice Telephony Lifeline Plans		442065tx1210.pdf	Name of Attached Document
<1220>	Link to Public Website	НТТР		Name of Academy Securion
or the we	heck these boxes below to confirm that the attached document(s), on line in the state of the sta			

(2000) Price (	Cap Carrier Additional Documentation		FO	C Form 481
Data Collection				18 Control No. 3060-0986/OMB Control No. 3060-0819
Including Rate	e-of-Return Carriers affiliated with Price Cap Local Exchange Carriers		Jul	, 2013
	udy Area Code 442065			
	ay riica coac	EL COOP INC		
	ogram Year 2017			
	ntact Name - Person USAC should contact regarding this data  VONDA K	ERBY		
		211 ext.		
<039> Cor	ntact Email Address - Email Address of person identified in data line <030> vondak@	cumbytel.com		
	appropriate responses below (Yes, No, Not Applicable) to note complicated Phase II support as set forth in 47 CFR § $54.313(b),(c),(d),(c)$			
Inc	cremental Connect America Phase I reporting			
<2010>	2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for	r the July 1		
120102	2016 certification, this applies to Round 2 recipients of Incre			
	Support	incircui		
.2044		male a look of		
<2011>	3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that fo	•		
	2016 certification, this applies to Round 1 recipients of Incre	mental		
	Support			
<2022>	Recipient certifies, representing year two after filing a notice	e of		
	acceptance of funding pursuant to 54.312(c), that the location	ons in		
	question are not receiving support under the Broadband Init			
	Program or the Broadband Technology Opportunities Progra			
	9, 11			
	projects that will provide broadband with speeds of at least	4		
	Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.			
<2023>	The attachment on line 2024 includes a statement of the tot	al amount of		
	capital funding expended in the previous year in meeting Co	nnect		
	America Phase I deployment obligations, accompanied by a l	ist of census		
	blocks indicating where funding was spent. This covers year			
	54.313(b)(2)(ii). Round 2 recipients only.			
1202445				
<2024A>	Round 2 Recipient of Incremental Support?			
<2024B>	Attach list of census blocks indicating where funding was spe	ent in year Nam	ne of Attached Document Listin	g
	two - 54.313(b)(2)(ii). Round 2 recipients only.	Req	uired Information	
<2025A>	Round 1 or Round 2 Recipient of Incremental Support?			
12023/1				
-20255	Attack and add information for Dhara Louil, the state of	Daniel 4 fan - N	and Assert Description	_
<2025B>			ne of Attached Document Listin	g
	year three and Round 2 for year two) - Connect America Fun	d, WC Req	uired Information	
	Docket 10-90, Report and Order, FCC 13-			
<2015>	2016 and future Frozen Support Certification 47 CFR § 54.31	3(c)(4)		
		,		

ata Collection For	rrier Additional Documentation (Continued) m eturn Carriers affiliated with Price Cap Local Exchange Carriers	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	
<2016>	Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)} Certification support used to build broadband : America Phase II Reporting {47 CFR § 54.313(e)}		
<2017A>	Connect America Fund Phase II recipient?		
<2017B>	Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price	Name of Attached Document Listing Required Information	
<2018>	cap carrier used for capital expenditures in 2015. Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)	Name of Attached Document Listing Required Information	
<2019>	Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)		
<2020>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)		
<2021>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)		
<2026>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)		
<2027>	Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)		

(3005) Rate Of Return Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbytel.com

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

	Progress Report on 5 Year Plan			
(3009)	Carrier certifies to 54.313(f)(1)(iii)			
		У	es - Attach Certifi	ication
(3010A)	Milestone Certification {47 CFR § 54.313(f)(1)(i)}			442065tx3010.pdf
(3010B)	Please Provide Attachment	Name of Attached Docu Information	ment Listing Required	d L
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community	Anchors	
(3012B)	Please Provide Attachment	Name of Attached Docu Information	ment Listing Required	b b
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<b>O</b> O	
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	$\odot$	
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)			
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows			
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Docu Information	iment Listing Required	d
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:	(Yes/No)	• •	
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		✓	
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		✓	
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		<b>V</b>	]
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers			
(3023)	Underlying information subjected to a review by an independent certified public accountant			
(3024)	Underlying information subjected to an officer certification.			
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows			
(3026)	Attach the worksheet listing required information	Name of Attached Docu Information	ment Listing Required	442065tx3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbytel.com

# Financial Data Summary (3027) Revenue (3028) Operating Expenses (3029) Net Income (3030) Telephone Plant In Service(TPIS) (3031) Total Assets (3032) Total Debt (3033) Total Equity (3034) Dividends

Name of Attached Document Listing Required Information

(4005) Rural Broadband Experiment Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data li	ne <030> 9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data li	ine <030> vondak@cumbytel.com

### 4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

### Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

### Community Anchor Institutions - FCC 14-98 (paragraph 79)

**4003a**. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

### If yes to 4003A, please provide a response for 4003B.

relevant geographic area.

<b>4003b</b> . Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to	Name of Attached Document Listing Required Information	
broadband service in the preceding calendar year.		
Broadband Deployment Locations – FCC 14-98 (par	agraph 80)	
<b>4004a</b> . Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information	
<b>4004b</b> . Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the	Name of Attached Document Listing Required Information	

Certification - Reporting Carrier	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbytel.com

### TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Study Area Code of Reporting Carrier:

# Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate. Name of Reporting Carrier: Signature of Authorized Officer: Date Printed name of Authorized Officer: Title or position of Authorized Officer: Telephone number of Authorized Officer:

Filing Due Date for this form:

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Certification - Agent / Carrier Data Collection Form			FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	442065	
<015>	Study Area Name	CUMBY TEL COOP INC	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY	
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.	

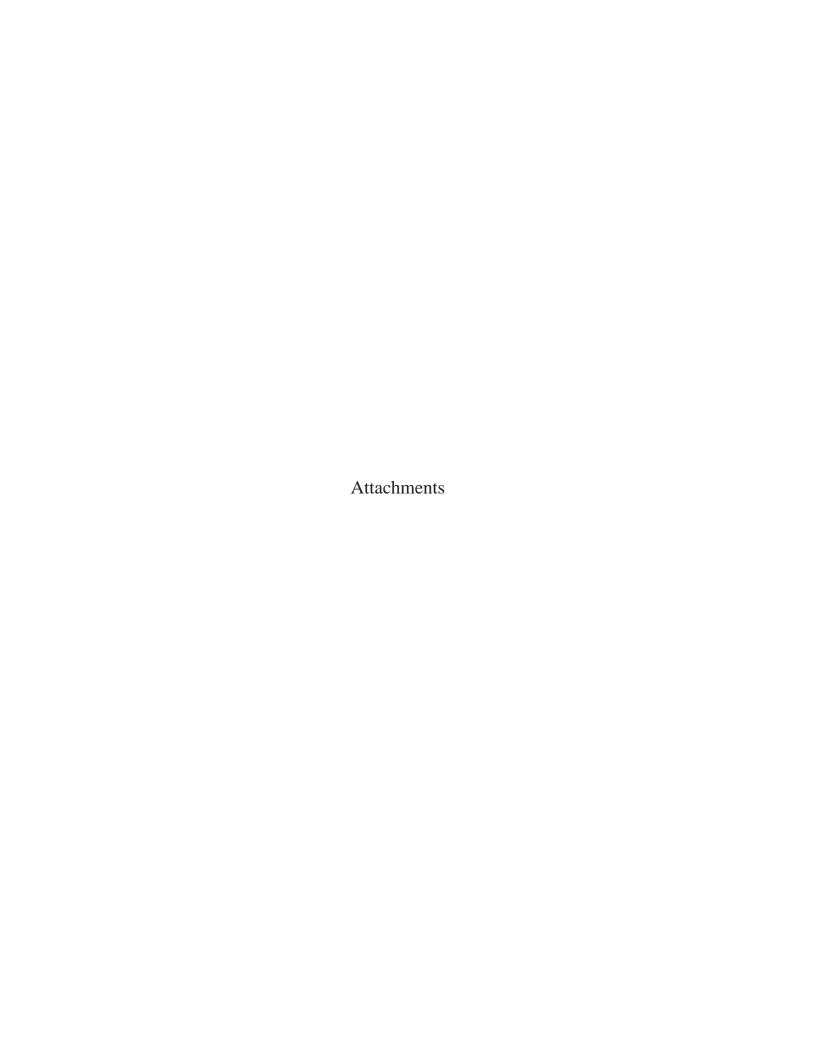
### TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

<039> Contact Email Address - Email Address of person identified in data line <030> vondak@cumbytel.com

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier				
I certify that (Name of Agent) MOSS ADAMS, LLP is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.				
Name of Authorized Agent: MOSS ADAMS, LLP				
Name of Reporting Carrier: CUMBY TEL COOP INC				
Signature of Authorized Officer: CERTIFIED ONLINE	Date: 06/29/2016			
Printed name of Authorized Officer: Karen Zimmerman				
Title or position of Authorized Officer: General Manager				
Telephone number of Authorized Officer: 9039942211 ext.				
Study Area Code of Reporting Carrier: 442065	iling Due Date for this form: 07/01/2016			
, ,	forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment e United States Code, 18 U.S.C. § 1001.			

### TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier				
, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service suppo	ort recipients on behalf of the rep	orting carrier; I have provided		
he data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information of the best of	ation reported herein is accurate			
Name of Reporting Carrier: CUMBY TEL COOP INC				
Name of Authorized Agent Firm: MOSS ADAMS, LLP				
Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE	Date:	06/29/2016		
lame of Authorized Agent Employee: DOROTHY YOUNG				
Title or position of Authorized Agent or Employee of Agent Telecommunications Consulting Manager				
Telephone number of Authorized Agent or Employee of Agent: 5123432544 ext.				
Study Area Code of Reporting Carrier: 442065 Filing Due Date for this form: 07/03	1/2016			
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act on 18 of the United States Code, 18 U.S.C. § 1001.		fine or imprisonment under Title		



(700) Price Offerings including Voice Rate Data	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbytel.com

<701> Residential Local Service Charge Effective Date <702> Single State-wide Residential Local Service Charge 1/1/2016

<703>

<a1></a1>	<a2></a2>	<a3></a3>	<b1></b1>	<b2></b2>	<b3></b3>	<b4></b4>	<b5></b5>	<c></c>
10.25	102	103,	101	Residential Local	1032	\U+2	Mandatory Extended Area	
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Service Rate	State Subscriber Line Charge	State Universal Service Fee		Total per line Rates and Fees
TX	ALL		FR	15.0	0.0	0.0	0.0	15.0

(710) Broadband Price Offerings	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442065
<015>	Study Area Name	CUMBY TEL COOP INC
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Number - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	vondak@cumbvtel.com

<711>	<a1></a1>	<a2></a2>	<b1></b1>	<b2></b2>	<c> <d1></d1></c>	<d2></d2>	· <d3></d3>		<d4></d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service -	Broadband Service -Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	TX	Cumby	99.95	0.0	99.95	10.0	1.0	999999	Other, Other: no limit on usage allowance
	TX	Cumby	129.95	0.0	129.95	15.0	1.0	999999	Other, Other: no limit on usage allowance
	TX	Cumby	149.95	0.0	149.95	20.0	5.0	999999	Other, Other: no limit on usage allowance

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code		442065
<015>	Study Area Name		CUMBY TEL COOP INC
<020>	Program Year		2017
<030>	Contact Name - Person U	SAC should contact regarding this data	VONDA KERBY
<035>	Contact Telephone Numb	er - Number of person identified in data line <030>	9039942211 ext.
<039>	Contact Email Address - E	mail Address of person identified in data line <030>	vondak@cumbytel.com
<810>	Reporting Carrier	Cumby Telephone Cooperative, Inc.	
<811>	Holding Company	Cumby Telephone Cooperative, Inc.	
<812>	Operating Company	Cumby Telephone Cooperative, Inc.	

<813>	<a1></a1>	<a2></a2>	<a3></a3>
	Affiliates	SAC	Doing Business As Company or Brand Designation
_	Cumby Telephone Cooperative, Inc.	449004	
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# LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN PROGRESS REPORT

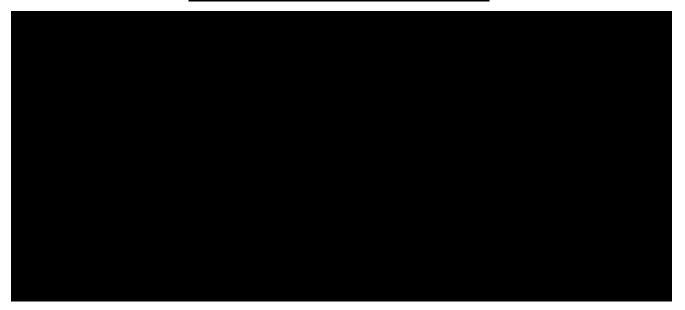


The Company received \$266,910 in Universal Service Fund ("USF") support in calendar year 2015.

**Service Quality Improvement Plan Progress Report** 

Exchange	Description of Improvements in 2015	2015 Planned	Actual Spent in 2015

# **Year End 2015 Progress Report Description**





# LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Cumby Telephone Cooperative, Inc. ("the Cooperative") complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Cooperative operates are outlined in its local exchange tariff, which is approved by the Public Utility Commission of Texas ("Texas PUC"). The tariff contains provisions regarding the Cooperative's customer service and protection practices.

Service quality standards for voice service are established by the Texas PUC. The Cooperative consistently meets or exceeds those standards and provides reports to the Texas PUC, in accordance with the Texas PUC's rules.

With regard to broadband service, the Cooperative provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a "best effort" service and are dependent upon a number of variables, many of which are outside the control of the Cooperative. The Cooperative also complies with the FCC's Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require transparency of network management practices, performance, and the commercial terms of broadband services.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

Finally, the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed annually with the FCC.

### LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Cumby Telephone Cooperative, Inc. (the Cooperative) is able to function in emergency situations. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

### LINE 1010 - VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's 2015 reasonable comparability benchmark for voice services is \$47.48, which includes the federal subscriber line charge ("SLC").

In 2015, in the exchange served by Cumby Telephone Cooperative, Inc. ("the Cooperative"), the single-line residential local rate was \$15.00. When the federal SLC (\$6.50) is included, the rate was \$21.50. Therefore, the Cooperative's pricing of fixed voice services in 2015 was less than the reasonable comparability benchmark of \$47.48.

<sup>&</sup>lt;sup>1</sup> Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

#### LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Cumby Telephone Cooperative, Inc. (the Cooperative) offers qualified Lifeline subscribers a discount of \$13.75 (federal discount of \$9.25 + a state Lifeline discount of \$3.50 + an additional state reduction of \$1.00) on a stand-alone residential local exchange service line.

In the single exchange served by the Cooperative, the Lifeline rate for single-line residential voice service, including the federal subscriber line charge, is \$6.25 (\$20.00 less the \$13.75 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer's choosing. Customers may elect to subscribe to toll blocking at no charge.

The Cooperative does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Cooperative reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

Lifeline Program reductions do not apply to additional services such as informationrelated services and custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Lifeline customers may subscribe to any of the Cooperative's bundled service offerings for residential customers (ex. Cumby Flex Pak, Cost Saver Entertainment) and will receive a \$13.75 discount on that portion of the package rate that is for basic local exchange voice service (one line only). These plans include a long distance calling plan, Internet and broadband services as well as a choice of optional services.

Attached are pages from the Cooperative's Local Exchange Tariff that describe the terms and conditions of Lifeline service.

#### LINE 3010 - MILESTONE CERTIFICATION

Cumby Telephone Cooperative, Inc. (the "Cooperative") hereby certifies that the Cooperative has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to reasonably comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time. If the Cooperative determines that a request for broadband at actual speeds of at least 10 Mbps downstream/1 Mbps upstream is unreasonable, and offering broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream is reasonable, the Cooperative offers broadband service of at least 4 Mbps downstream/1 Mbps upstream.



## CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

**CUMBY, TEXAS** 

As of December 31, 2015 and 2014 With Independent Auditor's Report

### CUMBY TELEPHONE COOPERATIVE, INC. CUMBY, TEXAS

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#### Independent Auditor's Report

The Board of Directors
Cumby Telephone Cooperative, Inc.
Cumby, Texas

We have audited the accompanying consolidated financial statements of Cumby Telephone Cooperative, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cumby Telephone Cooperative, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Report on Supplementary Information

Curtis Blakely + Co, P.C.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The comparative balance sheets, statements of operations, and cash flows on pages 25 through 28, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Longview, Texas

March 15, 2016

### CUMBY TELEPHONE COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS December 31

#### **Assets**

#### **Current Assets:**

Cash and cash equivalents
Certificates of deposit
Marketable securities
Telecommunications accounts receivable
Other receivables
Materials and supplies
Prepayments

**Total Current Assets** 

**Property, Plant, and Equipment:** 

Plant in service

Less: Accumulated depreciation

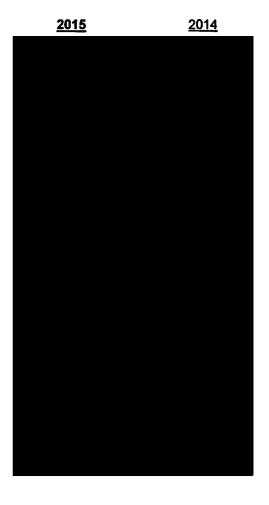
Net Property, Plant, and Equipment

Investments and Other Assets:

Cellular investments
Intangibles
Prepaid postretirement benefits
Other assets

**Total Investments and Other Assets** 

**Total Assets** 



### CUMBY TELEPHONE COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS December 31

### **Liabilities and Equity**

#### **Current Liabilities:**

Accounts payable
Accrued income tax
Other accrued liabilities
Unearned revenue

**Total Current Liabilities** 

#### Other Liabilities:

**Deferred income tax** 

#### **Equity:**

Memberships
Retained margin
Patronage capital
Accumulated other comprehensive income:
Unrealized gain on marketable securities
Unrecognized postretirement benefit costs

**Total Equity** 

**Total Liabilities and Equity** 



### CUMBY TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF OPERATIONS For the Years Ended December 31

**Operating Revenues:** 

Local network services
Network access services
Long distance network services
Internet and video services
Miscellaneous
Uncollectibles
Total Operating Revenues

### **Operating Expenses:**

Plant specific operations
Plant nonspecific operations
Depreciation and amortization
Customer operations
Corporate operations
Total Operating Expenses

#### **Operating Taxes:**

Income tax expense
Other operating taxes
Total Operating Taxes

#### **Operating Margin**

#### **Nonoperating Margin:**

Interest and dividend income
Distributions from partnerships
Other nonoperating expenses
Income taxes
Total Nonoperating Margin

**Net Margin** 



### CUMBY TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For the Years Ended December 31

<u>2015</u> <u>2014</u> **Net Margin Other Comprehensive Income:** Unrealized holding gain (loss) arising during period Income tax Less: Reclassificaton adjustment for prior year unrealized (gains) losses **Income Tax** Total unrealized holding (loss) gain adjustment Postretirement benefit (loss) gain emerging Amounts reclassified from accumulated other comprehensive income Income tax **Total Pension and Post-Retirement Benefit Adjustment** Other Comprehensive Income **Comprehensive Income** 

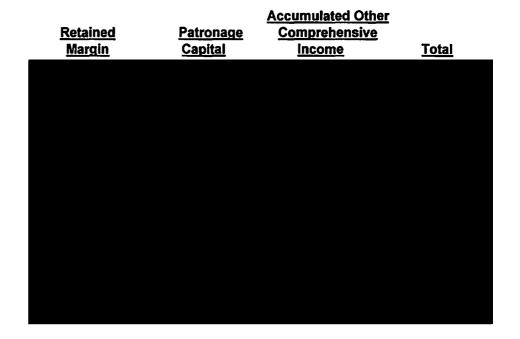
### CUMBY TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY For the Years Ended December 31

Balance, January 1, 2014
Net margin
Retirements and other changes
Federal excise tax refund
Other comprehensive income

Balance, December 31, 2014

Net margin
Retirements and other changes
Federal excise tax refund
Other comprehensive income

Balance, December 31, 2015



### CUMBY TELEPHONE COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS For the Years Ended December 31

2015 2015 **Cash Flows from Operating Activities: Net margin** Adjustments to reconcile net margin to net cash provided by operating activities: **Depreciation** Gain on sale of securities Gain on sale of equipment **Amortization of premium** Change in assets and liabilities: **Accounts receivable** inventory held for sale **Prepaids** Accounts payable and accruals **Deferred income tax Total Adjustments Net Cash Provided by Operating Activities Cash Flows from Investing Activities:** Proceeds from sales of plant Capital expenditures Investment in certificates of deposit Investment in marketable securities Proceeds from marketable securities **Net Cash Used in Investing Activities Cash Flows from Financing Activities:** Receipt of memberships Payment of capital credits **Net Cash Used in Financing Activities Net Increase in Cash and Cash Equivalents** Cash and Cash Equivalents at Beginning of Year

Cash and Cash Equivalents at End of Year

2005111201 01, 2010 and 2014					
Note 1 – Description of Operations and Summary of Significant Accounting Policies:					
Basis of Presentation					
Investments					

Note 1 – Description of Operations and Summary of Significant Accounting Policies: (continued)
Property, Plant, and Equipment
Intangible Assets
Internal Use Software
Income Taxes

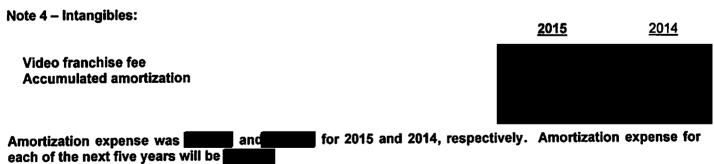
Note 1 – Description of Operations and Summary of Significant Accounting Policies: (continued)
Revenue Recognition

Note 1 – Description of Operations and Summary of Significant Accounting Policies: (continued)
Postretirement Benefits Other Than Pension
Comprehensive Income
Advertising
Accounts Receivable
Materials and Supplies
Patronage Capital
Cash and Cash Equivalents

Note 1 – Description of Operations and Summary of Significant Accounting Policies: (continued)
Asset Retirement Obligations
Fair Value Measurements
Note 2 – Marketable Securities and Other Cost Method Investments:

Note 2 - M	<b>Vlarketable</b>	Securities and	Other	<b>Cost Method</b>	investments:	(continued)
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Note 5 – Accumulat	ed Other Comprehe	ensive Income:	 	 

Note 5 – Accumulated Other Comprehensive Income: (continued)					

Note 6 – Income Taxes:
Note 7 – Employee Benefits:

Note 7 – Employee Benefits: (continued)	

Note 7 - Employee Benefits: (continued)

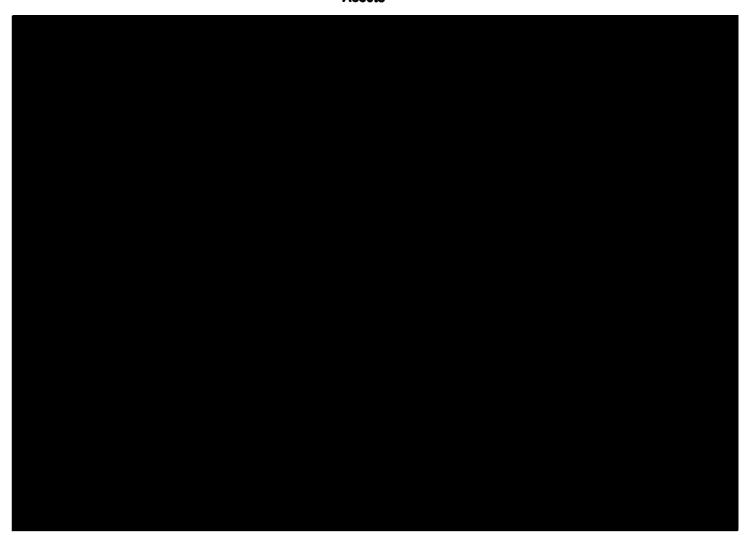
Note 7 – Employee Benefits: (continued)		
Note 8 – Additional Cash Flow Information:		
•	2015	2014
Note 9 – Concentrations:		

Note 9 – Concentrations: (continued)	
Note 10 – Fair Value Measurements:	
Note 11 – Subsequent Events:	

### SUPPLEMENTARY INFORMATION

## CUMBY TELEPHONE COOPERATIVE, INC. COMPARATIVE BALANCE SHEETS December 31





## CUMBY TELEPHONE COOPERATIVE, INC. COMPARATIVE BALANCE SHEETS December 31

### **Liabilities and Equity**



### CUMBY TELEPHONE COOPERATIVE, INC. COMPARATIVE STATEMENTS OF OPERATIONS For the Years Ended December 31



## CUMBY TELEPHONE COOPERATIVE, INC. COMPARATIVE STATEMENTS OF CASH FLOWS For the Years Ended December 31

